

BACKGROUND

The State is liable only for actual costs attributed to the numbered line items identified on the Budget Summary Page that are related to the SOW. This section includes:

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1.0 MAXIMUM AMOUNT PAYABLE

1.1 Policy:

- 1.1.1 The maximum amount payable for any fiscal year cannot exceed the approved MCH Agreement and Budget amount for that fiscal year.

1.2 Requirement:

- 1.2.1 The Agency must meet all the objectives as specified in the SOW and have incurred the actual costs to receive the maximum amount payable under this MCH Agreement and Budget.

2.0 REIMBURSEMENT LIMITATIONS

2.1 Policy

- 2.1.1 The MCH Branch will not reimburse the Agency for overtime or earned CTO at a rate greater than the employee's regular hourly salary.
- 2.1.2 The Agency may not claim reimbursement for any services that the Agency may claim for reimbursement under any other State, federal, Agency or other governmental entity contract or grant, any private contract or agreement, or from the Medi-Cal program.
- 2.1.3 The MCH Branch will not reimburse the Agency for any services provided under this MCH Agreement and Budget, which are otherwise reimbursable by any third party payer(s). The Agency must fully exhaust its ability to receive third-party reimbursement.

- 2.1.4 Any subcontract funds expended prior to MCH Branch approval may not be reimbursable in the event the MCH Branch should subsequently disapprove the proposed subcontract.

2.2 Requirement

If the Agency receives any third-party reimbursement for services already reimbursed by the MCH Branch, the Agency must immediately remit that amount to the MCH Branch or offset the amount against future invoices.

3.0 RECOVERY OF OVERPAYMENTS

3.1 Policy

The MCH Branch will recover overpayments to the Agency including, but not limited to, payments determined to be:

- In excess of allowable costs;
- In excess of expenditures that can be supported by required time-study documentation (i.e. required for FFP, Title 19 matching)
- In excess of the amounts usually charged by the Agency or any of its subcontractors;
- For services not documented in the records of the Agency or any of its subcontractors, or for services where the documentation of the Agency or any of its subcontractors only justifies a lower level of payment;
- Based upon false or incorrect invoices;
- For services deemed to have been excessive, medically unnecessary or inappropriate;
- For services arranged for or rendered by persons who did not meet the standards for participation in the program at the time the services were arranged for or provided;
- For services not covered in the program SOW;
- For services already paid for the client, but not yet refunded, or for services already reimbursed by the MCH Branch or other coverage;
- For services that should have been billed to other coverage, other programs, the Medi-Cal program, or any other entitlement program for which the client was eligible to receive payment for such services.

3.2 Requirement

- 3.2.1 The MCH Branch has three available avenues for the recovery of overpayments:

- Agency may pay the full amount in one payment
- Agency may arrange with accounting to make payments (12 months maximum)
- Agency may request that MCH deduct the amount of overpayment from subsequent invoice(s). Repayment is to be made as soon as possible but shall not exceed 12 months.

3.2.2 The method of recovery will be determined on a case-by-case basis.

3.3 Procedure:

The MCH Contract Manager will discuss with the agency to determine which will be the method of choice. The MCH Branch will notify the Department of Health Services' accounting section to establish an accounts receivable account for the Agency. The accounting section will notify the Agency of the accounts receivable via an invoice.

4.0 PAYMENT WITHHOLDS

4.1 Policy:

- 4.1.1 MCH may withhold up to 100% of any amount billed for services until the Agency complies with the provisions of the MCH Agreement and Budget and any administrative and program policies, at which time the amount withheld will be released for payment to the Agency.
- 4.1.2 The Agency will be afforded reasonable opportunity to discuss with the MCH Branch any action taken. Upon Agency compliance, MCH will release the amount withheld for payment to the Agency.

4.2 Procedure:

MCH will determine Agency compliance with the provisions of the MCH Agreement and Budget. MCH will notify the Agency in writing regarding non-compliance determinations. This notification includes:

- The reason for each withhold determination,
- The percentage of withhold (if applicable),
- The effective date of the withhold, and
- The duration of the withhold.